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Autore	Parameswaran Sunil
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Nota di contenuto	Fundamentals of Financial Instruments: An Introduction to Stocks, Bonds, Foreign Exchange, and Derivatives; Contents; Preface; Acknowledgments; Chapter 1: An Introduction to Financial Institutions, Instruments, and Markets; The Role of an Economic System; A Command Economy; A Market Economy; Classification of Economic Units; An Economy's Relationship with the External World; The Balance of Trade; The Current Account Balance; Financial Assets; Primary Markets and Secondary Markets; Exchanges and OTC Markets; Brokers and Dealers; The Need for Brokers and Dealers; Trading Positions The Buy Side and the Sell Side Investment Bankers; Direct and Indirect Markets; Mutual Funds; Money and Capital Markets; The Euro currency Market; The International Bond Market; Globalization of Equity Markets; Dual Listing; Fungibility; Risk; After the Trade: Clearing and Settlement; Dematerialization and the Role of a Depository; Custodial Services; Globalization: The New Mantra; Chapter 2: Mathematics of Finance; Interest Rates; The Real Rate of Interest; The Fisher Equation; Simple Interest; Compound Interest; Properties; A Symbolic Derivation;

## Principle of Equivalency

Continuous Compounding Future Value; Present Value; Handling a Series of Cash Flows; The Internal Rate of Return; Evaluating an Investment; Annuities: An Introduction; Perpetuities; The Amortization Method; Amortization with a Balloon Payment; The Equal Principal Repayment Approach; Types of Interest Computation; Loans with a Compensating Balance; Chapter 3: Equity Shares, Preferred Shares, and Stock Market Indexes; Introduction; Par Value versus Book Value; Voting Rights; Statutory versus Cumulative Voting; Proxies; Dividends; Dividend Yield; Dividend Reinvestment Plans; Stock Dividends Treasury Stock Splits and Reverse Splits; Costs Associated with Splits and Stock Dividends; Preemptive Rights; Interpreting Stated Ratios; Handling Fractions; Physical Certificates versus Book Entry; Tracking Stock; Report Cards; Types of Stocks; Risk and Return and the Concept of Diversification; Preferred Shares; Callable Preferred Stock; Convertible Preferred Shares; Cumulative Preferred Shares; Adjustable Rate Preferred Shares; Participating Preferred Shares; Dividend Discount Models; A General Valuation Model; The Constant Growth Model; The Two-Stage Model; The Three-Stage Model The H Model Stock Market Indexes; Price-Weighted Indexes; Changing the Divisor; The Importance of Price; Value-Weighted Indexes; Changing the Base-Period Capitalization; Equally Weighted Indexes; Tracking Portfolios; The Free-Floating Methodology; Well-Known Global Indexes; Margin Trading and Short Selling; Terminology; Maintenance Margin; Regulation T and NYSE and NASD Rules; Short Selling; Chapter 4: Bonds; Valuation of a Bond; Par, Premium, and Discount Bonds; Evolution of the Price; Zero-Coupon Bonds; Valuing a Bond in between Coupon Dates; Day-Count Conventions; Actual-Actual The Treasury's Approach

## Sommario/riassunto

The essential guide to financial instruments, logically presented Fundamentals of Financial Instruments deals with the global financial markets and the instruments in which they trade. While most books on finance tend to be heavily mathematical, this book emphasizes the concepts in a logical, sequential fashion, introducing mathematical concepts only at the relevant times. As a result, the reader gains conceptual clarity reinforced by just the right level of technical detail to ensure a comprehensive exposure to the skills needed in the financial world. Establishes